

Testimony Before
Kansas Health Policy Authority
July 13, 2006

Executive Director Nielson and members of the Health Policy Authority, my name is Terry Lambert. Thank you for this opportunity to discuss an issue that is undergoing significant policy debate— health care quality and pricing transparency. I’m here today in two capacities. First as a chief executive officer of Newman Regional Health located in Emporia; and second, as a member of the Board of Directors of the Kansas Hospital Association.

The issue of quality and pricing transparency has been at the center of policy discussions among our members over the past year or more. Throughout those discussions our members have been unanimous in their belief that health care data will be the key component for consumers, employers and policy makers. The goal should be to share “meaningful” information to consumers about the price of their health care. For many years now, members of KHA have provided very detailed data on inpatient hospital care to the Kansas Department of Health and Environment in their role as the staff of the former Health Care Data Governing Board. Other types of hospitals don’t routinely provide the same data and no other provider settings provide data. This is not a provider-only issue. Government programs such as Medicare and Medicaid, as well as insurance companies share in this responsibility.

We certainly encourage the Health Policy Authority to take a strong leadership role in this arena. Recently, a national initiative was unveiled by the Centers for Medicare and Medicaid Services that publishes a range of Medicare charges for a given hospital on certain diagnosis related groups. At the same time, KHA is considering implementing a Web site that will allow consumers and other interested individuals to easily access charge information about any type of hospitalization in any Kansas community hospital. Speaking as a hospital administrator, I am concerned that if too many initiatives are implemented, it will strain the resources of the hospital to participate.

Initiatives to provide information to the public and policy makers should be a collaborative effort. The role of the Health Policy Authority will be critical in a number of areas:

- Providing an environment for meaningful data to be shared appropriately. With over 10,000 ICD-9-CM codes on the hospital side and almost 100,000 CPT-4 codes used by physicians, the amount of data is overwhelming. Even grouped into diagnosis groups there are over 500 groups. Consumers need information that is easy to use and understand.
- Creating common definitions to describe pricing information. Every hospital and health care provider uses different systems to price and track their services and supplies. Definitions will need to be developed to assure that when a consumer compares one hospital or clinic to another, that they are in fact comparing apples to apples. (example of a patient request for cost of surgical procedure).

- Holding all providers of the similar services to the same standards for providing data. Kansas community hospitals have voluntarily provided their data and are committed to continuing that practice. A year or so ago, the Kansas Health Institute partnered with the Kansas Department of Health and Environment to do a study on specialty hospitals or limited service facilities. They did collect some data from these facilities but did not make any ongoing provision for keeping the data up to date.
- Making information about insured enrollees' expected out-of-pocket costs available to them through their insurance company. The patient's insurance company is the only place that the patient can go to determine what their total potential out-of-pocket costs will be. Hospital transparency is again only part of the picture.
- Focusing efforts in Kansas to provide data. This past year, several legislative proposals would have had very different requirements for health care data. Our resources are stretched very thin. We would encourage the Health Policy Authority to take the leadership role, as charged in your enabling legislation, and coordinate these efforts to prevent an unnecessary burden on providers.
- Coordinate efforts at the state and national levels. Kansas' hospitals are participating in the Hospital Quality Alliance and CMS' quality reporting program. Additionally, many Kansas hospitals are participating in other notable programs such as the Surgical Care Improvement Project and the Institute for Healthcare Improvement's 100,000 Lives Campaign. While pricing data is best addressed at the state level, we strongly believe that the public reporting of quality data should be coordinated at the federal level.

On a related note, the Health Policy Authority has been directed by the Kansas Legislature to study Specialty Hospitals and the Kansas Licensure Law. This study is to ensure that definitions for "general hospital" and "special hospital" properly describe hospitals for licensure to reflect current practice. This is an important issue to the community hospitals of Kansas. We believe it is important to Kansas consumers to have consistent definitions – it's another transparency issue. We feel strongly that if you want to be licensed as a general hospital, you should truly be a hospital that provides a broad array of services, 24/7, to anyone regardless of their method or ability to pay. We welcome your efforts to look closely at our current laws and the changes that have been proposed.

The Kansas Health Policy Authority has a tremendous opportunity and a tremendous challenge. Thank you for the opportunity to share our thoughts with you today. I'd be happy to try to answer any questions you may have.